

GOVERNANCE COMMITTEE

AGENDA

7.30pm

Tuesday
21 November 2006

Havering Town Hall
Main Road, Romford

Members 10: Quorum 4

COUNCILLORS:

**Conservative Group
(6)**

Frederick Thompson
(Chairman)
Kevin Gregory (Vice-
Chairman)
Steven Kelly
Eric Munday
Roger Ramsey
Michael White

**Residents' Group
(2)**

Gillian Ford
Barbara Reith

**Rainham &
Wennington
Independent
Residents' Group
(1)**

Mark Stewart

**Labour Group
(1)**

Keith Darvill

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NOTES ABOUT THE MEETING

1. HEALTH AND SAFETY

The Council is committed to protecting the health and safety of everyone who attends meetings of its Committees.

At the beginning of the meeting, there will be an announcement about what you should do if there is an emergency during its course. **For your own safety and that of others at the meeting, please comply with any instructions given to you about evacuation of the building, or any other safety related matters.**

2. MOBILE COMMUNICATIONS DEVICES

Although mobile phones, pagers and other such devices are an essential part of many people's lives, their use during a meeting can be disruptive and a nuisance. Everyone attending is asked therefore to ensure that any device is switched to silent operation or switched off completely.

3. CONDUCT AT THE MEETING

Although members of the public are welcome to attend meetings of the Committee, they have no right to speak at them. Seating for the public is, however, limited and the Council cannot guarantee that everyone who wants to be present in the meeting room can be accommodated. When it is known in advance that there is likely to be particular public interest in an item the Council will endeavour to provide an overspill room in which, by use of television links, members of the public will be able to see and hear most of the proceedings.

The Chairman of the meeting has discretion, however, to invite members of the public to ask questions or to respond to points raised by Members. Those who wish to do that may find it helpful to advise the Committee Officer before the meeting so that the Chairman is aware that someone wishes to ask a question.

PLEASE REMEMBER THAT THE CHAIRMAN MAY REQUIRE ANYONE WHO ACTS IN A DISRUPTIVE MANNER TO LEAVE THE MEETING AND THAT THE MEETING MAY BE ADJOURNED IF NECESSARY WHILE THAT IS ARRANGED.

If you need to leave the meeting before its end, please remember that others present have the right to listen to the proceedings without disruption. Please leave quietly and do not engage others in conversation until you have left the meeting room.

AGENDA ITEMS**1 CHAIRMAN'S ANNOUNCEMENTS**

The Chairman will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS
(if any) - receive.**3 DECLARATION OF INTERESTS**

Members are invited to declare any interests in any of the items on the agenda at this point of the meeting. Members may still declare an interest in an item at any time prior to the consideration of the matter.

4 MINUTES

To approve as correct records the minutes of the meeting of the Committee held on 4 October 2006, and to authorise the Chairman to sign them.

5 OVERVIEW & SCRUTINY PROCESS – reference from Council – further report**6 AREA COMMITTEES – PROCEDURE FOR AGREEING CAPITAL SPEND****7 ARTICLE 3 OF THE CONSTITUTION – Citizens' Rights and Responsibilities**
(to follow, if not attached)**8 AMENDMENTS TO THE CONSTITUTION - Monitoring Officer's alterations**

Governance Committee, 21 November 2006

9 APPOINTMENT OF SCHOOL GOVERNOR

10 URGENT BUSINESS

To consider any other item in respect of which the Chairman is of the opinion, by reason of special circumstances which shall be specified in the minutes, that the item should be considered at the meeting as a matter of urgency.

Stephen Evans
Chief Executive

**MINUTES OF A MEETING OF THE
GOVERNANCE COMMITTEE
Havering Town Hall
4 October 2006 (7.30pm – 9.05pm)**

Present:

COUNCILLORS:

Conservative Group Frederick Thompson (in the Chair), +Dennis Bull, Eric Munday and Roger Ramsey

Residents' Group Gillian Ford and Barbara Reith

Rainham & Wennington Independent Residents' Group Mark Stewart

Labour Group Keith Darvill

+ Substitute Member: Councillor Dennis Bull (for Steven Kelly)

Apologies were received for the absence of Councillor Kevin Gregory, Steven Kelly and Michael White

All decisions were taken with no vote against.

No Members declared an interest in any item.

The Chairman reminded Members of the action to be taken in an emergency

9 MINUTES

The Minutes of the meetings of the Committee held on 5 July and (special) 9 August 2006 were approved as correct records and were signed by the Chairman.

10 PUBLIC ACCESS TO THE COUNCIL CHAMBER

The Committee was invited to consider whether rules should be introduced for the admission of the public to areas of the Council Chamber. Recent incidents had revealed a need for rules to assist staff to deal with members of the public who were not prepared willingly to move to different parts of the Chamber when requested to leave areas not intended for public use.

Governance Committee, 4 October 2006

The Chamber area comprised:

- “the Members’ area” (also known as the “floor of the Chamber”) and the dais
- “the side area” of seats by the side windows
- “the lobby” at the rear of the Chamber, by its main entrance
- “the gallery” at the side, normally curtained off and also used as a corridor between the original Town Hall building and the extension
- “the balcony”, the original public area, above the main parts of the Chamber

The Committee was reminded that, when the Chamber was refurbished in 1997/98, opportunity had been taken to expand to nearly double the original size the accommodation for the public, and to make additional provision within the Chamber for Members’ guests and others. Moreover, additional equipment had been since provided in Committee Rooms 3A/3B, which was used to provide overspill facilities when the Chamber’s public areas were full.

On occasion, staff had had to ask members of the public to vacate seats reserved for others, or to refrain from sitting in areas not intended to be available to the public. On several recent occasions, individuals had been reluctant to move when requested to do so and had made clear their annoyance at being asked to move from what they considered a place rightfully theirs. The absence of clearly designated “public” and “private” areas had hampered staff in dealing with these situations.

Such designations were now recommended as, without the backing of such a formality, staff were unable to respond to members of the public who challenged being requested to move elsewhere, or who had ignored clearly marked seat reservations. The existence of designation did not of itself mean that those who were asked to move would be any more co-operative but it would strengthen staffs’ ability to deal with such situations and also facilitate the use by the Mayor or a Chairman of their powers to require the removal of individuals who disrupt meetings.

RESOLVED:

That the various areas of the Council Chamber be designated for public access as follows:

- A. The Members’ area: not accessible by the public, except for the rear two rows of seats when the Chamber is in use for the following meetings:
- Regulatory Services Committee
 - Romford Area Committee
 - Other Committees when meeting in the Chamber rather than a Committee Room
 - Licensing Sub-Committee hearings and Public Inquiries (the applicant and public authorities’ representatives being permitted to use the front two rows)

- B. The side area: for use by officers and the press only at all times, except the Annual Meeting of the Council when it shall be available for use by civic guests.
- C. The lobby: for use by Members' guests at all Council meetings, not accessible by the public at Council or Cabinet meetings but open to the public at the meetings listed in A above.
- D. The gallery: open to the public at all meetings other than the Annual Meeting of the Council, when it shall be reserved for use by Members' guests
- E. The balcony: available to the public at all meetings.

11 REVISION TO FINANCIAL PROCEDURE RULES

The Council's Financial Procedure Rules formed part of the Constitution and governed the financial management of the Council. They formed the basis upon which the Financial Framework has been developed, which sets out how the Rules are applied to the detailed financial business of the Council and the services it delivers.

The Financial Procedure Rules had last been revised in November 2005 following the management realignment, largely to reflect changes in job titles and responsibilities of the Council's Senior Management Team. A more fundamental review had now been carried out to enhance specific sections of the Rules to reflect current practice, and to tidy up some minor drafting issues with the 2005 version.

The principal changes were to the sections dealing with:

- Internal control
- Risk management
- Insurances
- Internal audit
- Preventing fraud & corruption
- Declarations of interest, gifts & hospitality

The Committee approved the draft Regulations (subject to minor revision of the reference to school governors) and accordingly **RESOLVED to RECOMMEND** to the Council:

That the Revised Financial Regulations, set out in Appendix 1 to these minutes, be approved and adopted in place of the existing Regulations in the Council's Constitution.

12 AMENDMENTS TO THE CONSTITUTION – Monitoring Officer’s action

The Constitution provided that this Committee must be notified at the first reasonable opportunity of any amendment made by the Monitoring Officer in exercise of her delegated power. The Committee now noted amendments made by her and published in Notification 25 (as set out in Appendix 2 to these minutes).

13 OVERVIEW & SCRUTINY PROCESS – reference from Council

At its meeting in July, Council had considered the following motion and amendment –

Motion on behalf of the Residents’ Group

This Council is concerned with the apparent lack of, accountability, openness and robustness of the current overview and scrutiny process since May 2006, it calls upon the senior members of the Administration and Opposition to meet urgently to review the situation and report back at the next Council meeting.

Amendment by the Administration

This Council is committed to the openness and robustness of its Overview & Scrutiny Committee process and it invites the Governance Committee to consider current procedure.

On the proposal of the Administration, the motion and amendment were referred to this Committee for attention.

The Committee was reminded of the current Overview & Scrutiny Committee Rules within the Constitution, and was advised that regular reports to the Audit Committee had drawn attention to the need for the Council to address points made by the Audit Commission in its 2003 report on Democratic Renewal in Havering. Members were invited to indicate a way forward.

In course of discussion, Members identified several issues that required attention, although accepting that the overview and scrutiny process in Havering was generally satisfactory. Accordingly, the Committee requested that a comprehensive report be submitted to its next meeting, addressing the issues arising, including (but not limited to):

- The actions needed to address the Audit Commission recommendations
- Scrutiny of outsourced services and those administered through partnership arrangements, such as Homes in Havering and The Children’s Trust
- Means of involving Members of the minority Groups in the overview and scrutiny process and the effect of the political balance rules

The Committee accepted that there was a need for a vibrant overview and scrutiny process and that the focus should be on achieving that.

14 **THE COUNCIL'S COMPLAINTS PROCEDURES – alterations to improve operation**

The Chairman agreed pursuant to section 100B(4) of the Local Government Act 1972 that the following should be considered as a matter of urgency in order that a report on it could be submitted to the forthcoming Council meeting.

At its meeting in July, the Adjudication & Review Committee had agreed a series of alterations to the Council's complaints procedure intended to improve its effectiveness.

Among the agreed changes were provisions to limit the circumstances in which the complaints procedure might be invoked (by providing for restrictions similar to those imposed by statute on the Ombudsman, and by setting time limits outside which complaints would not normally be considered).

Anticipating that there might however be circumstances where it could be in the Council's interest to entertain a complaint strictly outside those limits – for example, where to do so would avoid expensive litigation – that Committee had proposed that the Head of Customer Services (as the officer responsible for customer relations) be authorised to consider cases of dispute or where there might be advantage in continuing to use the complaints procedure rather than potentially costly legal proceedings and to agree that, in exceptional circumstances, a complaint not complying with the limitations agreed by that Committee should nevertheless be considered.

The Committee considered the proposal. Whilst generally supportive of the intention, the Committee considered that the Head of Customer Services should be explicitly supported in such decisions by the Assistant Chief Executive, Legal & Democratic Services, particularly where processing a complaint through the procedure was proposed as an alternative to formal legal proceedings.

Accordingly, the Committee **RESOLVED TO RECOMMEND** to Council:

That the Head of Customer Services be authorised, in consultation with the Assistant Chief Executive, Legal & Democratic Services, to consider cases of dispute or where there may be advantage in continuing to use the complaints procedure rather than potentially costly legal proceedings and to agree that, in exceptional circumstances, a complaint not complying with the limitations on the submission of complaints agreed by the Adjudication & Review Committee shall nevertheless be considered.

**APPENDIX 1
(Minute 11)**

Financial Procedure Rules

Introduction

The Council needs the Financial Procedure Rules to ensure that there are rules to govern how its money and other assets are looked after and how its spending is controlled. The regulations that follow in this document are the Council's formal requirements for its employees to follow and have been approved by members. All employees must adhere to them and should be mindful that failure to do so could result in disciplinary action being considered.

The Financial Procedure Rules focus on an overview of the key financial areas and responsibilities. Details, clarifying and explaining the processes involved, are set out in greater depth in the Council's Financial Framework.

The rules for dealing with contractual matters are set out in the Contracts Procedure Rules, in Part 4 of this constitution. There are also financial matters covered in the Council's Powers and Duties, a document that sets out the scheme of delegation of responsibilities applicable to members and senior employees.

The Financial Procedure Rules are co-ordinated and produced by the Finance & Commercial Group, whose Director is responsible for the proper administration of the Council's financial affairs under section 151 of the Local Government Act 1972. The Group Director Finance & Commercial (Chief Finance Officer) may delegate responsibilities to others. These delegations are set out in the Council's Financial Framework and the Group Director Finance & Commercial's scheme of delegation.

Section 114 of the Local Government Finance Act 1988 gives the Chief Finance Officer specific personal statutory duties to make reports if spending is or could be unlawful and/or the council has or is about to spend in excess of resources. The Accounts and Audit Regulations 2003 require the "responsible financial employee" to establish adequate systems to monitor and control the council's financial transactions and to ensure that such systems are adequately maintained.

These Procedure Rules form part of the Council's Constitution and can be found on the Intranet. In the event of staff needing clarification they should contact the Head of Financial Services or the appropriate contact point for each section; a list of these can be found on the intranet in the introduction to the Financial Framework.

The principles of risk management are covered in section 6 of these rules but are enshrined in all aspects of the rules, the financial framework that underpins them, and the detailed procedures that are in place to implement the framework.

Contents

<i>Section</i>	
	General financial matters
1	Accounting
2	Budgets
3	Internal control
4	Investments and borrowings
5	Trust funds
6	Risk management
7	Insurances
8	Internal audit
9	Preventing fraud & corruption
10	Declarations of interest, gifts and hospitality
11	Conduct, bribery and corruption
12	Best value
13	Partnership arrangements
	Expenditure
14	Procurement
15	Authorisation levels
16	Banking arrangements and cheques
17	Orders and payments by corporate purchasing card
18	Orders for work, goods and services
19	Payment of accounts
20	Petty cash, change floats and other imprest accounts
21	Contracts for building, construction and engineering works
22	Salaries, wages and pensions
23	Travelling and subsistence
24	Use of consultants
	Income
25	Income
26	Write off of irrecoverable debts
	Safeguarding and controlling assets
27	Security
28	Estates
29	Stocks and stores
30	Protection of private property
31	Inventories of equipment

General financial matters

1 Accounting

- (a) All financial systems and records of the Council must be in a form approved by the Group Director Finance & Commercial, who will also determine how accounting records and information will be compiled and maintained. This includes the preparation of the annual statement of accounts and the information that must be included within it.
- (b) The duties of checking, calculating and providing information on sums due to, or from, the Council must be performed by a different employee from the one responsible for their collection or payment.
- (c) Cost centre managers have the responsibility to ensure that their total controllable expenditure or income budgets are not exceeded by virtue of additional expenditure and/or reduced income levels, and have arrangements in place in order to undertake regular projections and report this to finance staff and their line managers in accordance with local arrangements and the corporate guidelines and timetable as set out annually.

Powers and duties and the financial framework make provisions for the rules in respect of emergency/unforeseen situations.

Virements between individual sub-code levels within each cost centre are permitted without further authorisation from the Group Director Finance & Commercial or members.

Should it appear that a cost centre manager projects that there will be a variance against the approved budget, then the Group Director/Head of Service/Assistant Chief Executive for that section must be notified immediately via their line manager if appropriate.

- (d) Group Directors and Heads of Service/Assistant Chief Executives in consultation with the Group Director Finance & Commercial have approval within Council policy to make virements between service cost centres to meet any anticipated shortfalls, but the total net controllable expenditure or income budget for the service must not be exceeded by virtue of additional expenditure. Members will be kept informed of such actions via the revenue monitoring reports. Cost centre managers should refer to the Budget Procedure Rules and the Financial Framework for further details on virements

2 Budgets

- (a) The Group Director Finance & Commercial must be consulted by Group Directors and Heads of Service/Assistant Chief Executives as soon as they become aware of any matters in their service areas, which could

Governance Committee, 4 October 2006

materially affect the Council's budget and which cannot be contained within existing approved budgets of the service area. Examples of materiality are set out in the financial framework.

- (b) Similarly, the financial implications of issues arising from paragraph 2(a) above must be cleared through the Group Director Finance & Commercial before reports are finalised and passed to members.
- (c) In an emergency situation, where a report or prior consultation is not possible and expenditure has been incurred which cannot be met from existing budgets or is a policy change, the Group Director Finance & Commercial and members must be advised as soon as possible thereafter.
- (d) The form and content of revenue and capital budgets will be determined by the Group Director Finance & Commercial.
- (e) Estimates of income and expenditure on revenue account and of receipts and payments on capital account shall be prepared by the Group Director Finance & Commercial in consultation with the appropriate Group Director and his or her Heads of Service/Assistant Chief Executives. A report, collating all of the Council's financial estimates will be prepared by the Group Director Finance & Commercial, for members' consideration and approval. This will be an annual report, which will recommend the council tax for the next financial year.
- (f) No expenditure can be incurred unless it is contained within the Council's approved budget (subject to virement rules) or approval has been agreed via the proper process for dealing with such matters.
- (g) Capital budgets, when formally approved at budget setting and/or other Council meeting, should include an estimate of costs including any necessary land, staffing and acquisition costs, and the revenue implications. Any revenue implications must be met from approved budgets. Where this detail has not been met, the Group Director will prepare a report for members' approval as soon as possible thereafter.
- (h) Reports to members, which contain spending, or income generation proposals, must show details of the financial implications and risks and the anticipated source of funding including the use of virement. These must be approved by the Group Director Finance & Commercial. Guidance on the content of financial implications and risk section of reports is contained in the Financial Framework.

3 Internal control

- (a) It is the responsibility of Group Directors/Assistant Chief Executives to maintain and promote sound arrangements for internal control. These arrangements will be established by management to help ensure that the Council's objectives are achieved in a manner that promotes economical, efficient and effective use of resources, and that the Council's assets and interests are safeguarded.
- (b) These arrangements will have regard to the advice and instructions of the Group Director Finance & Commercial. The Group Director, through the Head of Financial Services and the Client Manager Internal Audit, is responsible for reviewing systems of internal control and advising and instructing Group Directors/Assistant Chief Executives accordingly.
- (c) The Audit Committee is responsible for approving the annual Statement on Internal Control in accordance with the applicable Accounts and Audit Regulations and in the light of reviews of the effectiveness of risk management and the control environment.

4 Investments and borrowings

- (a) Investments must be made only in the name of the Council or its approved nominees. Bearer securities are the single exception to this requirement, but the purchase of such securities must be reported to members and where possible be approved in advance.
- (b) All securities, other than title deeds, contracts legal agreements mortgages, and trust funds, which are the property of or in the name of the Council or its nominees, shall be held in the custody of the Group Director Finance & Commercial.
- (c) All borrowings must be made in the name of the Council.
- (d) The Group Director Finance & Commercial shall be the Council's registrar of stocks, bonds and mortgages and shall maintain records of all borrowing of money by the Council.
- (e) Only the Group Director Finance & Commercial can authorise any leasing arrangements.

5 Trust funds

- (a) All trust funds shall be in the name of the Council. The Group Director Finance & Commercial must be informed of all trust funds administered by employees as part of their Council duties.

Governance Committee, 4 October 2006

- (b) All employees acting as trustees by virtue of their official position shall deposit for safe-keeping, all securities etc. relating to the trust with the Assistant Chief Executive Legal & Democratic Services unless the deed otherwise provides.

6 Risk management

- (a) It is the responsibility of Group Directors/Heads of Services/Assistant Chief Executives to ensure the regular identification, review and management of risk within their departments, having regard to the Council's risk management strategy and associated advice and instructions from the Group Director Finance & Commercial and other specialist officers (eg crime prevention, business continuity, health & safety).
- (b) The Group Director Finance & Commercial is responsible for reviewing the risk management strategy and advising and instructing Group Directors/Assistant Chief Executives accordingly, and for procuring insurance cover where appropriate.

7 Insurances

- (a) The Group Director Finance & Commercial within the scheme of delegation shall effect all insurance cover required on behalf of the Council and negotiate all claims in consultation with other employees where necessary.
- (b) Group Directors and Heads of Services shall give prompt notification to the Group Director Finance & Commercial of all new risks, properties, vehicles or other assets which require to be insured and of any alterations affecting existing insurances, or which cease to require insurance, or any claims arising under such insurance policies indicating the amount of cover required.
- (c) Group Directors or Heads of Service/Assistant Chief Executives should also notify the Group Director Finance & Commercial of any other risk which he or she feels should be considered for insurance cover.
- (d) Group Directors/Heads of Service/Assistant Chief Executives shall notify the Group Director Finance & Commercial in writing of any loss, liability or damage or any event likely to lead to a claim, together with any information or explanation required by the Group Director Finance & Commercial or the Council's insurers, and inform the police in appropriate cases, unless otherwise decided following consultation with the Chief Executive, the Group Director Finance & Commercial and where appropriate the Assistant Chief Executive Legal & Democratic Services

Governance Committee, 4 October 2006

- (e) Group Directors/Heads of Service/Assistant Chief Executives shall consult the Group Director Finance & Commercial and the Assistant Chief Executive Legal & Democratic Services on any terms of any indemnity that the Council is requested to give, on appropriate contract conditions for contractors to indemnify the Council, and on suitable minimum insurance levels for inclusion in contracts
- (f) Group Directors/Heads of Service/Assistant Chief Executives shall ensure that employees, councillors, school governors (however appointed) or anyone else acting on behalf of the Council, is instructed not to make any admission of liability or offer of compensation that might prejudice the assessment of a potential liability of the Council or its insurers
- (g) The Group Director Finance & Commercial shall arrange a suitable fidelity guarantee insurance for all employees handling cash on behalf of the Council.

8 Internal audit

- (a) Under the statutory responsibilities the Group Director Finance & Commercial is the staff member nominated to arrange for a continuous audit examination of accounting, financial and other operations of the Council.
- (b) The Group Director Finance & Commercial is responsible for ensuring:
 - (i) the maintenance of an internal audit function that is sufficient in its coverage and independent in its planning and operation
 - (ii) that the Client Manager Internal Audit has direct access to the Chief Executive, all levels of management and the Audit Committee and the Corporate Overview & Scrutiny Committee
 - (iii) that the internal auditors are trained to comply with professional good practice.
- (c) The Audit Commission is responsible for appointing external auditors to each local authority to review and report upon:
 - (i) the financial aspects of the Council's corporate governance arrangements
 - (ii) the Council's financial statements, to be satisfied that the statement of accounts presents fairly the financial position of the Council, and its income and expenditure for the year in question and complies with the legal requirements
 - (iii) aspects of the Council's arrangements to manage its performance, including the preparation and publication of specified performance information and compliance in respect of the preparation and publication of the Best Value Performance Plan.

Governance Committee, 4 October 2006

- (d) The Council may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenues & Customs, who have statutory rights of access.
- (e) The Group Director Finance & Commercial or his or her authorised representative shall have authority to:
 - (i) enter at any time any Council premises or land (subject to the rights of any occupier)
 - (ii) have unrestricted access to all records, documents and correspondence relating to any financial and other transactions of the Council where so required in connection with normal audit work
 - (iii) remove and/or secure any record, document and correspondence of the Council as considered necessary
 - (iv) have unrestricted access to personnel and require and receive such information and explanations as are necessary concerning any matter under examination
 - (v) require any employee of the Council to produce cash, stores or any other Council property under that employee's control.
- (f) It is the responsibility of Group Directors/Heads of Service/Assistant Chief Executives to:
 - (i) ensure that internal auditors, external auditors, and other authorised inspectors, are given access at all reasonable times to premises, personnel, documents and assets, and are provided with any information and explanations that they consider necessary for the purposes of their work
 - (ii) consider and respond promptly to recommendations in audit reports
 - (iii) ensure any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- (g) The Council will maintain an Audit Committee, responsible for reviewing external auditors' reports and annual audit letter and the annual internal audit report. This Committee can consult directly with internal and external auditors.

9 Preventing fraud & corruption

- (a) All Council Members and employees are personally responsible for ensuring integrity in the conduct of the Council's business, in particular by ensuring that they (and any subordinates) are aware of the Council's anti-fraud and corruption policy and procedures and by alerting the relevant Group Director/Head of Service/Assistant Chief Executive or the Client Manager Internal Audit to any suspected breach.
- (b) If a matter involves, or potentially involves, an irregularity concerning anything belonging to the Council, including cash, misappropriation or misadministration and other financial matters, the matter must be reported immediately, by any Member or employee, to the Group Director Finance

& Commercial or Client Manager Internal Auditor, who shall inform the police in appropriate cases, unless otherwise decided following appropriate consultation with the Chief Executive and where appropriate the Assistant Chief Executive Legal & Democratic Services. Group Directors/Heads of Services/Assistant Chief Executives shall provide any information or explanation required by the Group Director Finance & Commercial or the Council's Chief Executive. The Group Director Finance & Commercial or Client Manager Internal Auditor will arrange for the matter to be investigated as he or she considers necessary and, if an irregularity is discovered, the matter will be reported promptly to the appropriate officers and the police if required.

This also applies to the misuse of computer passwords and the disclosure to unauthorised individuals of information obtained by their use.

- (c) Every employee of the Council is responsible for reporting any matter that they believe to involve financial irregularity or misadministration in the Council's business, to their Head of Service/Assistant Chief Executives or Group Director, or directly to the Client Manager Internal Audit.
- (d) The Group Director Finance & Commercial is responsible for advising the Audit Committee, Executive and Group Directors/Heads of Service/Assistant Chief Executives on the maintenance and implementation of an anti-fraud & corruption policy.
- (e) The Group Director Finance & Commercial must be notified of any unofficial funds that exist within the Council and he or she will decide how accountability and audit arrangements for those funds will be dealt with.

10 **Declarations of interest, gifts and hospitality**

- (a) All employees must follow the Council's guidelines regarding gifts and hospitality and must ensure that every offer that they receive regarding gifts or hospitality, is entered in the appropriate service register whether it is accepted or not.
- (b) Any employee having an interest in a matter that involves the Council's business, must not allow that interest to conflict with their work on behalf of the Council, whether pecuniary interest is involved or not. Any such conflict of interest must be declared in accordance with the corporate policy and guidelines available from Human Resources. Staff are required to complete an annual declaration of interest which is retained by their Group Director/Assistant Chief Executive.

Governance Committee, 4 October 2006

- (c) Group Directors/Assistant Chief Executives are responsible for ensuring local guidelines and systems are set in accordance with the overall Council guidelines and the Group Director Finance & Commercial is responsible for reminding group Directors/Assistant Chief Executives to review their arrangements and entries.
- (d) The Assistant Chief Executive Legal & Democratic Services is responsible for ensuring adequate arrangements are in place for Members to declare interests, gifts and hospitality and all Members must follow these and ensure all entries are entered in accordance with these.

11 Conduct, bribery and corruption

- (a) It is essential that all Members and employees conduct themselves to the highest standards and the public and Council rightly expect this. The codes of conduct must be followed at all times
- (b) It is a criminal offence for any person to use their position with the Council to accept or ask for any gift, reward or other advantage from work done in an official capacity.

12 Best value

Staff should comply with any corporate requirements in their dealings with best value, including the Best Value Performance Plan and Performance Indicators.

13 Partnership arrangements

Partnership arrangements should conform to the Financial Procedure Rules and the Financial Framework. Where any arrangements are proposed which do not comply, then these must be approved by Cabinet.

Income**14 Procurement**

- (a) Any procurement is governed by the Contract Procedure Rules, which set out the process and dependent on the procurement process, the relevant financial limits. Any procurement must follow Contract Procedure Rules; a summary is included in the Financial Framework.

Governance Committee, 4 October 2006

- (b) Where a contract is designated as a corporate procurement contract, it must be used when the goods or services covered by it are purchased by any service.

15 Authorisation levels

- (a) The names of employees authorised to sign such records together with FIS codes and financial limits shall be sent to the Group Director Finance & Commercial by each Group Director and Head of Service/Assistant Chief Executive, together with specimen signatures, financial limits to their authority and the cost centres that they can authorise expenditure for (revenue and capital).
- (b) Changes in post holders or duties which affect the authorisations previously agreed, must be notified to the Group Director Finance & Commercial as soon as possible.
- (c) Staff authorising orders and/or committing the authority to expenditure must ensure that sufficient budgetary provision exists before giving authority and that any necessary legal and Council approval is in place.

16 Banking arrangements and cheques

- (a) The Group Director Finance & Commercial is the employee nominated by the Council to operate its bank accounts in the way that he or she considers appropriate and he or she must approve any arrangements that need to be made with the Council's bankers, including the withdrawal of funds or transfer from one account to another. The Group Director Finance & Commercial must be notified of all bank accounts operated by any of the Council's employees in connection with the business of the Council or unofficial funds held by the council.
- (b) The Group Director Finance & Commercial will be the employee responsible for making proper arrangements for the ordering, safe custody, use, and control of cheques (except those for authorised imprest and advance accounts).
- (c) Cheques on the Council's main banking and National Giro accounts shall bear the pre-printed signature of the Group Director Finance & Commercial or be signed by the Group Director Finance & Commercial or other officer authorised by him/her to do so. Cheques over £100,000 in amount must also bear the manuscript signature of the Group Director Finance & Commercial or such other employee of the department as he or she may authorise in writing.

17 Orders and payments by corporate purchasing card

- (a) Wherever possible, employees should purchase and pay for goods using the corporate purchasing card. Such transactions must only be made on behalf of the Council; the cards must not be used for personal purchases. The card cannot be used for internet purchases unless express permission is given by the Group Director Finance & Commercial.
- (b) All purchases made with the card must comply with procedural rules in this constitution and must be made using suppliers from Havering's corporate contract list wherever the item involved is covered by such a list.
- (c) An employee authorised to use such a card should keep it safely and comply with the purchase card procedure manual. If it is lost, this should be reported immediately to the card issuer and the Council's purchasing card co-ordinator. On termination of employment, an employee must immediately surrender their card to the Council.

18 Orders for work, goods and services

- (a) Official orders shall be in a form approved by the Group Director Finance & Commercial in consultation with the Assistant Chief Executive Legal & Democratic Services and are to be signed in manuscript by employees authorised to do so by the appropriate Group Director or Head of Service/Assistant Chief Executive. The names of employees authorised to sign such records together with the FIS codes and financial limits, shall be sent to the Group Director Finance & Commercial by each Group Director or Head of Service/Assistant Chief Executives, together with specimen signatures. A revised form will be required whenever there are changes in staff or duties that affect this area of work.
- (b) Subject to the provisions of any contract, official orders shall be issued for all work, goods or services to be supplied to the Council except for corporate purchasing card transactions, public utility supplies, for periodical payments such as rent or business rates, for petty cash purchases or such other exceptions as the Group Director Finance & Commercial may approve.
- (c) Each order shall conform to the directions of the Council with respect to corporate purchasing and the standardisation of supplies and materials. Each employee responsible for purchasing shall comply with guidance given by the Council's Business Development Manager.
- (d) The Procurement and Partnership Development Unit has responsibility for the Council's purchasing and is empowered to require services and

individuals when notified in writing to adhere to any arrangements made, including those relating to standardisation and the procurement framework.

- (e) A copy of each order must be retained in accordance with the guidelines on retention of documents by the unit concerned and must be available for inspection by the Group Director Finance & Commercial, or his or her nominated representative (normally internal audit), if required.

19 **Payment of accounts**

- (a) The Council's preferred method of payment is via the corporate purchasing card. Where this is not possible, money due from the Council for the payment of accounts will normally be paid by BACS or a cheque drawn on the Council's bank account. All such payments must be via FIS. Payments cannot be made in advance without the express written permission of the Group Director Finance & Commercial.

- (b) Authorised employees are responsible for examining and verifying that the payment is in order before certifying that the invoice should be paid. All expenditure must be coded to the correct cost centre and subjective coding.

All payments must be supported by an invoice or properly completed and authorised payment request. There should be two people involved in authorising the payment and this must be evidenced from the certification slip.

- (c) When ordered goods have been received they should be checked to the delivery note. The person carrying out the check should sign and date the delivery note to confirm the check has been carried out. Where the goods delivered differ from the delivery note the differences should be marked on the delivery note. The supplier should be immediately contacted and informed of the discrepancies and suitable action agreed and recorded in writing.
- (d) The Group Director Finance & Commercial will carry out such selective checks on invoices as he/she shall determine as being necessary.
- (e) Any amendment to an account shall be made in ink and initialled by the employee making it, stating briefly the reasons where they are not self-evident. Invoices which are subject to Value Added Tax must not be amended in any circumstances and the supplier should be requested to submit a supplementary VAT invoice wherever an amendment is required.

- (f) Each Group Director or Head of Service/Assistant Chief Executive shall, as soon as possible after 31 March, and not later than a date to be determined by the Group Director Finance & Commercial, each year notify the Group Director Finance & Commercial of all expenditure incurred, but not paid, for goods and services received by 31 March, relating to the previous financial year which exceeds an amount to be determined from time to time by the Group Director Finance & Commercial.

20 **Petty cash, change floats and other imprest accounts**

- (a) All imprest accounts must be approved by the Group Director Finance & Commercial, who is entitled, at any time, to inspect all details and vouchers relating to them.
- (b) Where the Group Director Finance & Commercial allows an imprest account to be run through a bank account, all bank accounts must be authorised in writing by the Group Director Finance & Commercial. The title of the bank account must begin with the words "London Borough of Havering" and the account should not be allowed to become overdrawn, or in the event that this occurs, this should be remedied as soon as it comes to the attention of a member of staff.
- (c) Income, apart from reimbursements to imprest accounts, must not be put into an imprest account.
- (d) Expenditure from an imprest account must not exceed the limit for a single transaction, which is set by the Group Director Finance & Commercial. This may only be varied if there are special circumstances which have been given the prior approval of the Group Director Finance & Commercial's or persons nominated by him or her. All expenditure must be evidenced by an appropriate receipt or voucher.
- (e) An employee responsible for an imprest account must return an annual certificate in the form approved by the Group Director Finance & Commercial, confirming the amount of imprest in their possession as at the end of the financial year.
- (f) When an employee leaves the Council or otherwise ceases to be responsible for the imprest, the responsible Head of Service/Assistant Chief Executives or line manager should ensure that the imprest amount is accounted for, reconciled and transferred on to another responsible employee. Any such changes of imprest holder must be notified immediately to the Financial Systems Manager.

21 **Contracts of buildings, construction or engineering works**

Governance Committee, 4 October 2006

- (a) Each contract between the Council and a contractor, involving payments made by instalments, must be accounted for by a suitable financial statement or summary that shows all payments made on the contract including professional fees
- (b) Payments on account/by instalments in respect of contracts can only be made on the appropriate certificate issued by the Council's authorised architect, engineer, supervising employee; or by a private consultant who has been properly engaged by the Council to carry out this task.
- (c) Subject to contract provisions, each additional/extra item incurred in carrying out the contract must be authorised by the supervising employee appointed in the contract.
- (d) Where total expenditure is forecast to exceed the contract sum by £25,000 or 10% whichever ever is the lower and the scheme is a capital scheme, the Head of Service must make arrangements for additional approvals to be sought prior to making any expenditure commitment. This process is detailed in the Financial Framework. A form to notify details of the virement must be completed and is shown in the Financial Framework. For **revenue** contracts, such approval should be through the relevant procedural form with a virement undertaken if the cost cannot be met from the existing revenue budget.
- (e) Internal audit staff, as authorised by the Group Director Finance & Commercial may, having made prior arrangements with the appropriate supervising employee or Head of Service/Assistant Chief Executives, make site visits during the course of a contract and may examine any records or information which they feel are relevant to the audit.
- (f) Internal audit staff, as authorised by the Group Director Finance & Commercial, are empowered to examine contract final accounts and to review supporting records and documentation in order to form a view on the accuracy of such accounts. Any dealings with outside consultants and contractors in this connection should be made through the Council's supervising employee for the contract concerned.
- (g) Claims from contractors in respect of matters not clearly within the terms of any existing contract shall be referred to the Assistant Chief Executive Legal & Democratic Services for consideration of the Council's legal liability and, where necessary, to the Group Director Finance & Commercial for financial consideration before a settlement is reached. No ex gratia payment will be made to a contractor without the specific approval of the appropriate cabinet member or the member of staff with delegated authority.

- (h) Where completion of a contract is delayed; it shall be the duty of the employee supervising the contract concerned to initiate appropriate action in respect of any claim for liquidated damages, taking into consideration any extension of time granted under the contract conditions.

22 **Salaries, wages and pensions**

- (a) The payment of all salaries, wages, pensions, compensation and other emoluments to all employees or former employees of the Council shall be made under the direction of the Assistant Chief Executive Human Resources in consultation with the Group Director Finance & Commercial.
- (b) Each Group Director and Head of Service/Assistant Chief Executives shall notify the Group Director Finance & Commercial as soon as possible and in the form approved by him or her, of all matters affecting the payment of such emoluments, and in particular:
 - (i) appointments, resignations, dismissals, suspensions, secondments and transfers
 - (ii) absences from duty for sickness or other reason, apart from approved leave
 - (iii) changes in remuneration, other than normal increments and pay awards and agreements of general application
 - (iv) information necessary to maintain records of service for superannuation, income tax, national insurance and similar records.
- (c) Appointments can only be made in accordance with current Council policies and approvals for posts, grades and pay rates.
- (d) All time records or other pay documents shall be in a form prescribed or approved by the Group Director Finance & Commercial and the Assistant Chief Executive Human Resources, and shall be certified in manuscript by or on behalf of the appropriate Head of Service/Assistant Chief Executives or cost centre manager.
- (e) The names of employees authorised to sign such records shall be sent to the Group Director Finance & Commercial and the Assistant Chief Executive Human Resources by each Head of Service/Assistant Chief Executive or Group Director, together with specimen signatures and revised forms will be required whenever changes in personnel or duties occur.

23 **Travelling and subsistence**

Governance Committee, 4 October 2006

- (a) All claims for car allowance and travelling and subsistence expenses must be made to the Group Director Finance & Commercial on the standard form designed for that purpose, certified by an employee authorised to do so. Such claims should be made within three months of the end of the month in which they were incurred. Any exceptions to this need to be approved by the Group Director Finance & Commercial before they can be paid.
- (b) The certification by the authorising employee means that he or she is satisfied that journeys were made for proper Council business, the expenses were properly and necessarily incurred, and that the allowances are properly payable by the Council. Subsistence claims must be supported by receipts.
- (c) Car loan applications must be made to the Group Director or Head of Service/Assistant Chief Executives (where delegated). The certification by the authorising employee means that he or she is satisfied that the applicant is eligible for an immediate loan, that the loan does not exceed the applicable maximum level and that the applicant is financially capable of repaying the loan. All loan applications must be supported by the necessary documentation.
- (d) Payments to members, including co-opted members of committees, who are entitled to claim travelling or other allowances, shall be made by the Group Director Finance & Commercial upon receipt of the prescribed form duly completed.
All claims must be supported by receipts and submitted by 30 April in respect of the financial year ending on the preceding 31 March.

24 Use of consultants

- (a) Consultants must only be used for work essential to progress the Council's corporate objective or service objectives identified in service plans.
- (b) Group Directors/Assistant Chief Executives must initially consider ways of undertaking all work in-house. Consultants must only be used if the work cannot be completed within the required timescales or to a satisfactory standard or if the requisite experience is not available in house.
- (c) Former employees must not be considered for use as consultants.
- (d) All normal regulations must be followed e.g. quotes, tenders, corporate contracts, adequate budgetary provision.

Income**25 Income**

- (a) The Group Director Finance & Commercial shall approve in writing all procedures for the collection of monies due to the Council regardless of the services within which they are collected.
- (b) Each Group Director is responsible for ensuring that the income receivable, in his or her services, is promptly identified, billed and promptly collected; either by staff in the service area or through the corporate debtor system/service. All income must be coded to the correct cost centre and subjective coding. Systems and processes for identifying, billing and collecting income must always receive approval from the Group Director Finance & Commercial. Similarly receipts, tickets and any other items designated by the Group Director Finance & Commercial as controlled stationery, must be in a form which he or she has approved.
- (c) The Group Director Finance & Commercial shall be notified promptly of all money due to the Council and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money by the Council. The Group Director Finance & Commercial shall have the right to inspect any documents or other evidence in this connection as he or she may decide.
- (d) All banking must be made using pre-printed giros showing the establishment's unique banking reference.
All money received by an employee on behalf of the Council shall without delay be paid to the Group Director Finance & Commercial or, as he or she may direct, to the Council's banking accounts or transmitted directly to any other body or person entitled thereto. No deduction may be made from such money.
- (e) A check should be undertaken to ensure that all monies paid into the Council's banking accounts is received by the bank and is credited to the correct FIS code. Any discrepancies should be investigated as soon as they have been identified.
- (f) Personal cheques shall not be cashed out of money held on behalf of the Council.
- (g) Every transfer of official money from one member of staff to another shall be evidenced in the records of the service concerned by the signature of the receiving, which shall be accompanied by a statement of the date of the transfer.
- (h) The level of fees and charges should be kept regularly under review by the appropriate Group Directors and their Heads of Service. Any changes to

fees and charges should be notified to members as soon as practicable for their approval. As a minimum, charges should be reviewed at least annually to coincide with the approval of the revenue budget and the Council's fees and charges publication, which is on the Council's Intranet and Internet sites.

26 **Write off of irrecoverable debts**

- (a) Write off of debts can only be approved by the Group Director Finance & Commercial and he or she must obtain a Lead Member Protocol from the Leader and the Lead Member Resources where the individual debt exceeds £25,000 or where the overall level of service debt being requested for write off exceeds a cumulative £250,000 or 1% of the annual service debt in any financial year whichever is the higher. The definition of service to be as defined by the Group Director Finance & Commercial.
- (b) Write offs can only be approved where it can be demonstrated that all cost effective efforts have been made to recover the debt. The financial framework provides more detail on the procedure to be followed.

14 **Safeguarding and controlling assets**

27 **Security**

- (a) Group Directors and their Head of Service/Assistant Chief Executives are responsible for ensuring the security of buildings, stocks, stores, furniture, equipment, cash and any other assets under their control. The Group Director of the service involved and the Group Director Finance & Commercial must be informed on any concerns over the security of these items.
- (b) Maximum limits for cash holdings shall be agreed by the relevant Head of Service/Assistant Chief Executives with the Group Director Finance & Commercial and shall not be exceeded without the express written permission of the Group Director Finance & Commercial.
- (c) Keys to safes and similar receptacles are normally to be carried on the person of those responsible. Keys must not be left in the vicinity of the secured area. The loss of any such keys must be reported to both the appropriate Head of Service/Assistant Chief Executives and the Group Director Finance & Commercial forthwith.
- (d) Every employee who is a party to confidential information, in whatever form, unless legally obliged to do so, shall not disclose that information to any other person unless he or she is duly authorised to do so by his or her Group Director or Head of Service/Assistant Chief Executives. All Group Directors and Heads of Service shall be responsible for maintaining

Governance Committee, 4 October 2006

proper security and privacy as regards information held in the computer installations for which they are responsible.

- (e) All staff access to the Council's networked computer applications is controlled by the use of a personal identifier and a unique password known only to the user.

Staff are responsible for access to systems via their identifier and will be held accountable for any abuse or misuse of systems attributed to their personal password.

Passwords are unique to each member of staff and must be kept secure. Staff should never share or reveal individual passwords with other members of staff.

If staff have any suspicion that their password may be known to others then they must change it immediately.

28 Estates

- (a) The Group Director Finance & Commercial will ensure that all land and buildings owned by the Council are recorded in a properly maintained terrier, in a form that he or she determines to be appropriate.
- (b) The Assistant Chief Executive Legal & Democratic Services shall have overall responsibility for the custody and security of all title deeds

29 Stocks and stores

- (a) Each Group Director and Head of Service/Assistant Chief Executives shall be responsible for the care and custody of any stocks and stores held by his or her services. Stocks should normally only be held at a reasonable level that would be needed to maintain the anticipated workflow.
- (b) Surplus and obsolete stocks and equipment with an estimated value of less than £5,000 can only be disposed of in consultation with the Business Development Manager. The decision as to whether an item is surplus or obsolete should be made by the Group Director or Head of Service/Assistant Chief Executive concerned.
- (c) Surplus and obsolete stocks and equipment with an estimated value of more than £5,000 must be disposed of by competitive tender or auction. Appropriate advice should be sought initially from the Business Development Manager before starting this process.

Governance Committee, 4 October 2006

- (d) When stocks or equipment are being disposed of for which each unit is less than £5,000 but the total of all units disposal exceeds this sum, 26(c) must be complied with.
- (e) The exception to the above is IT equipment, where any disposal must be undertaken in consultation with the Head of Business Systems.

30 Protection of private property

- (a) Each Group Director and Head of Service/Assistant Chief Executives shall notify the Group Director Finance & Commercial, in such form as he or she may require, of any case known to him or her where steps are necessary for movable property to become the responsibility of the Council to mitigate loss or damage. Each Group Director and Head of Service/Assistant Chief Executives shall forward to the Group Director Finance & Commercial an itemised inventory in each case prepared in the presence of two employees.
- (b) All valuables belonging to private individuals coming into the Council's possession such as jewellery, watches and other small articles of a similar nature and documents of title shall be deposited for safe custody in a manner to be determined by the Group Director Finance & Commercial in consultation with the relevant Head of Service/Assistant Chief Executives. Any return or disposals of these items must be carried out in a manner approved by the Group Director Finance & Commercial.

31 Inventories of equipment

- (a) Group Directors are responsible for ensuring that the unit and service areas within their services maintain adequate inventories of equipment with an individual value exceeding £250 or where the equipment is liable to theft in the prescribed corporate format. Each inventory must be checked at least annually and appropriate action taken in respect of surpluses or deficiencies. The inventory must be promptly up-dated.
- (b) Council property must only be removed or used in the normal course of Council business, except for occasions such as disposal of surplus or obsolete items, when the process set out in section 29 must be followed.

**APPENDIX 2
(Minute 12)****Notification No. 25****7th July 2006****Notification of amendments to the constitution****Amendments made by the Monitoring Officer**

Part 2, Article 15.02(c) of the constitution provides that the Monitoring Officer has a limited authority to amend the constitution. The Monitoring Officer is authorised to amend the constitution to correct errors or to comply with any legal requirement or to reflect organisational changes to the Council's structure. The Governance Committee must be notified of any such amendment at the first reasonable opportunity.

In accordance with this authority, the Monitoring Officer gives notice of the following amendments to the constitution:

Part and article/section	Page reference	Substance of amendment / amended wording	Reason for amendment
Part 2 Article 8: Committees of the Council: Pension	23	Delete bullet point <ul style="list-style-type: none"> To consider the Council's treasury management strategy 	Amendment
Part 3 Section 2.2 Introduction	76	Delete list of portfolios and replace with: <ul style="list-style-type: none"> Partnership & Strategy Sustainable Communities Housing & Regeneration Public Safety Public Realm Streetcare & Parking Environmental & Technical Services Performance & Corporate Resources Childrens Services 	Organisation Change
Part 3 Section 2.2	77	To approve an exception to the Contract Procedure Rules set out in Part 4 of this Constitution in	Error as result of changes to the Constitution

Part and article/section	Page reference	Substance of amendment / amended wording	Reason for amendment
Paragraph 11		<p>accordance with Rule 4(c) of those Rules</p> <p>Should read:</p> <p>To approve an exception to the Contract Procedure Rules set out in Part 4 of this Constitution in accordance with Rule <u>26(a)</u> of those Rules.</p>	
Part 4 Section 4 Rule 22(c)(i) Column B	229	<p>One of the exceptions set out in Rule 4above applies:</p> <p>Should read:</p> <p>One of the exceptions set out in Rule <u>26 below</u> applies</p>	Error as a result of other changes to the Constitution
Part 4 Section 7 Introduction Paragraph 4	274	<p>Amend to read:</p> <p>The Financial Procedure Rules are co-ordinated and produced by Finance & <u>Commercial</u>, whose <u>Group Director</u> is responsible for the proper administration of the Council's financial affairs under section 151 of the Local Government Act 1972. The Group Director Finance & Commercial (Chief Finance Officer) may delegate responsibilities to others, including devolved finance employees. These delegations are set out in the Council's Financial Framework.</p>	Organisation Change
Part 4 Section 7 Introduction Paragraph 6	274	<p>These regulations are in an electronic form and it is anticipated that this will make it easier to keep them up-to-date. They can be found on the Intranet and a first point of contact in the event of staff needing clarification should be the Corporate Procurement Manager (currently located on the 8th floor of Mercury House, on extension</p>	Organisational Change

Part and article/section	Page reference	Substance of amendment / amended wording	Reason for amendment
		<p>2963).</p> <p>Should read:</p> <p>These regulations are in an electronic form and it is anticipated that this will make it easier to keep them up-to-date. They can be found on the Intranet and a first point of contact in the event of staff needing clarification <u>should be the Head of Financial Services via email or on extension 2101, or any of the third tier finance managers. The current post holders are identified on the Head of Financial Services' Intranet site.</u></p>	



MEETING	DATE	ITEM
GOVERNANCE COMMITTEE	21 NOVEMBER 2006	5

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: OVERVIEW & SCRUTINY PROCESS – reference from Council – further report

SUMMARY

At its last meeting, the Committee gave initial consideration to a motion and amendment referred from Council about the Council's Overview & Scrutiny process. The Committee requested submission of detailed comment on several aspects of the process, and this report is submitted accordingly.

RECOMMENDATION

That the Committee indicates what further action it requires to take forward the review.

REPORT DETAIL

1 Introduction

- 1.1 At the last meeting, the Committee gave preliminary consideration to the referral from Council in July of the following motion and amendment –

Motion on behalf of the Residents' Group

This Council is concerned with the apparent lack of, accountability, openness and robustness of the current overview and scrutiny process

since May 2006, it calls upon the senior members of the Administration and Opposition to meet urgently to review the situation and report back at the next Council meeting.

Amendment by the Administration

This Council is committed to the openness and robustness of its Overview & Scrutiny Committee process and it invites the Governance Committee to consider current procedure.

- 1.2 In course of discussion then, Members identified several issues that required attention, although accepting that the overview and scrutiny process in Havering was generally satisfactory. Accordingly, the Committee requested that a comprehensive report be submitted to its next meeting, addressing the issues arising, including (but not limited to):
- The actions needed to address the Audit Commission recommendations
 - Means of involving Members of the minority Groups in the overview and scrutiny process and the effect of the political balance rules
 - Scrutiny of outsourced services and those administered through partnership arrangements, such as Homes in Havering and The Children's Trust
- 1.3 The Committee accepted that there was a need for a vibrant overview and scrutiny process and that the focus should be on achieving that.
- 1.4 This report is submitted accordingly. Opportunity has been taken also to address some other relevant issues in order to ensure that there the Committee considers the issues comprehensively.

2 Addressing the Audit Commission recommendations

- 2.1 The recommendations pre-date the May 2006 local election and so, to some extent, may have been overtaken by events. Nonetheless, they cannot to be ignored and, even if they cannot/need not all be met to the letter, should be at least honoured in spirit.

Recommendation Outstanding	Comment
R10 Develop Overview and Scrutiny policy development programmes that have a clear and crosscutting direction, and take account of key performance data.	The Council's OSCs are currently service-focused. Some limited joint working has been undertaken and most OSCs now consider key performance data but there is still some way to go before it could be said that the Council has fully taken on board this recommendation

R11	Encourage local community stakeholder involvement in the political management process, including taking an active part in member meetings.	Only the co-opted members of the Children's Services Committee have participated in OSC reviews, although the Health OSC is inviting public participation in the questioning of NHS authority representatives as part of its scrutiny programme
R13	Develop the work programmes of the Overview and Scrutiny Committees to include post implementation review.	To date, this has not been possible
R14	Clarify the expected role of Overview and Scrutiny Committees in respect of Best Value and communicate this effectively to members.	Following the election, this is an area that has yet to be addressed
R15	Encourage greater scrutiny focus on holding the Cabinet to account.	Following the election, this is an area that has yet to be addressed
R16	Improve communication between members involved in scrutiny when developing reports.	It is not clear what this recommendation is intended to achieve as all Topic Group reports are drafted and finalised with Members before approval and submission to the decision-making body
R17	Foster a more inclusive and less party-political approach to Scrutiny working.	This is an issue for Members themselves to address
R18	Encourage further reporting back to Cabinet on Scrutiny studies.	All policy review reports are reported to Cabinet
R23	Consider the establishment of a mechanism to ensure effective exchange of information between Cabinet, OSC and Area Committee chairs.	This has yet to be done.

2.2 The Committee will wish to consider what, if anything, should be done to address the issues highlighted in those comments.

3 The effect of the political balance rules

- 3.1 Members will be aware that the political balance rules (which date from 1989) in effect require that seats on all Committees (other than Area Committees) be allocated to Groups in proportion to the number of seats they hold on the Council. But not only does the allocation of seats have to be balanced, the size of Committees has to be adjusted so that Groups are able fully to fulfil their membership obligations. The larger a Committee, the easier it is to achieve a satisfactory balance but the more difficult it will be for groups, especially the smaller ones, to fill the places available to them.
- 3.2 Under the current Committee membership arrangement, on average there are approximately two Committee seats for each Member and the default position (which must apply unless a different arrangement is agreed with no Member voting against it) means that seats on the Overview & Scrutiny Committees (OSC) are available only to the Members of the Conservative and Residents' Groups (which together comprise 47 Members, or about 87% of the Council's Membership).
- 3.2 It would be possible for Council to agree alternative arrangements, so long as no Member voted against them. Council has, thus far, not been able to do that.
- 3.3 Although there are no seats available to Members other than Conservative or Residents' on the OSCs, Council did agree a change to the O&S Rules to the effect that any Member (other than a Cabinet Member) could be invited by an OSC to participate in Topic Group activity. Thus no Member need be precluded from taken some part in O&S activity. It is of course a mater for each OSC to decide whether to include invitees in any particular Topic Group.
- 3.4 Enquiries have been made of other local authorities to ascertain how they arrange the participation of minority Groups in O&S activity.
- 3.5 The result suggests that few, if any, local authorities experience the political balance issues facing Havering. Where a Council is governed by a majority party with more than one minority party, the evidence suggests that in most cases only the largest minority party is awarded OSC places. It appears to be rare for smaller minority parties to be allocated places. This reflects the effect of the political balance rules, which tend to favour large groups over small ones (and ignore Members who are not in formal groups altogether). Authorities that have large numbers of independent members (mainly rural in character) appear to treat them as groups for seat allocation purposes.
- 3.6 It thus appears that Havering is not alone in allocating OSC seats only to the two largest Groups. Other authorities appear to have adopted practices similar to Havering's, in that minority group members are able to participate in Topic Group-type activity even where the numbers do not allow allocation of OSC seats to them.

4 Scrutiny of outsourced functions

- 4.1 The OSCs have broad powers of scrutiny but (the Health and Crime & Disorder OSCs apart – see section 5 of this report) cannot demand the co-operation of other authorities or agencies. On the other hand, evidence from elsewhere suggests that many public authorities are keen to be involved in the scrutiny process and welcome Members' enquiries.
- 4.2 At present, Havering has outsourced, or is in the process of outsourcing, four key services:
- Housing management (to Homes in Havering)
 - Refuse collection (to Biffa)
 - Certain Children's Service activities (to multi-agency through the Children's Trust)
 - Leisure Services (contract in course of finalisation with SML)
- 4.3 There is a strong probability that further services will be similarly outsourced: for example, the future provision of residential accommodation for elderly people will involve an element of outsourcing.
- 4.4 Where delivery of a service is outsourced, the Council retains responsibility for its overall management, through the terms of the contract with the organisation to which it has been outsourced. At the least, the OSC would be able to scrutinise the management of that contract by the relevant Head of Service, who is the accountable officer; but it is probable that organisations providing outsourced services would co-operate to a much greater degree than that, although they could not be compelled to do so.
- 4.5 Under the terms of its management agreement, Homes in Havering is required to liaise with Council Members in such manner as shall reasonably be required by the Head of Housing & Health, and to co-operate with Council departments to enable them better to perform their duties by the provision of information. The agreement with SLM contains a general requirement on SLM to use its best endeavours to co-operate with the Council's elected members and officers.
- 4.6 There is thus no obstacle in principle to OSCs deciding to scrutinise any aspect of an outsourced service. Successful scrutiny is likely in such circumstances to involve negotiation of terms of reference not only within the Council but with the outsourced provider and to rely on co-operation rather than coercion (though it is debatable whether scrutiny relying on coercion alone is ever likely to be effective).

5 Health and Crime & Disorder Scrutiny

- 5.1 It is appropriate in this report to consider the implications of the scrutiny of the Health Service and of Crime & Disorder.
- 5.2 Health scrutiny was introduced in 2001 by the Health and Social Care Act of that year. It is significantly different from other forms of scrutiny, as its focus is

entirely external to the Council. Some Council services may become involved in health scrutiny but only where they interface with NHS services (eg in getting elderly patients out of hospital and into care in the community); most scrutiny is about looking at NHS services and seeking to improve them.

- 5.3 Whereas other forms of scrutiny are an internal “check and balance” to the Council’s executive, health scrutiny is the epitome of the Council – and more particularly its Members – in a community leadership role. Health scrutiny replaced the former Community Health Council role in looking at NHS service provision. The recent Government White Paper “Our Health, Our Care, Our Say” sets out proposals for the re-shaping of the NHS in England and Wales: its implications locally, through a programme called “Fit for the Future”, have yet to be assessed but may result in considerable work for the OSC and the supporting staff.
- 5.4 The Health OSC thus has statutory powers to compel local NHS agencies to co-operate in scrutiny activity and those agencies have a legal obligation to consult with the OSC (note: not the Council; the statutory route of consultation is NHS authority direct to OSC) on significant changes in service provision. Given the cross-borough nature of much NHS activity, the Health OSC has power to co-operate with the Health OSCs of other local authorities affected by such proposals to scrutinise them on a joint basis.
- 5.5 The legislation to require the establishment of Crime & Disorder OSCs has yet to complete the parliamentary process but is expected to be brought into force over the next 18 months. The Council agreed in May to establish the OSC in advance of the legal requirement so as to be ready to proceed when it became obligatory.
- 5.6 The focus of the OSC is on the crime and disorder reduction partnership arrangements rather than on any particular agency but all affected agencies – including not only the Council and the police, but others which have a part to play such as the Fire Service, NHS (the statutory partners) and local voluntary organisations – and on their efforts to improve public order and to combat anti-social behaviour. The OSC’s powers are tied into an initiative, the “Community Call for Action”, which will involve all Members in addressing complaints about anti-social behaviour.

6 Overview and Scrutiny Liaison Committee

- 6.1 The Council’s Constitution provides for an O&S Liaison Committee consisting of the Chairmen and Vice-Chairmen of all OSCs, with the following terms of reference:
- Oversight of the work programmes of each overview and scrutiny committee, including the resources available to service the programme
 - Considering the contribution of overview and scrutiny committees to the wider Council agenda
 - Ensuring overview and scrutiny committees do not duplicate work
 - Co-ordinating contact with the Executive on behalf of overview and scrutiny committees

- Social inclusion

6.2 Although provided for since the Constitution was adopted in 2002, the Committee has never formally met (there have been a couple of informal meetings but none recently).

6.3 There may well be issues arising from the current discussion that could be considered not only by this Committee but by the Liaison Committee as well. Accordingly, the Committee is invited to consider whether to suggest that the Liaison Committee meet forthwith, and thereafter at convenient (say quarterly) intervals, to consider these issues and others as need be.

7 Development of O&S – recent government proposals

7.1 The recent government White Paper “Strong and Prosperous Communities” includes proposals for expanding and extending the role of OSCs in relation to other public bodies.

7.2 A summary of the references in the White Paper is appended.

7.3 There is, of course, likely to be considerable amendment/revision of detail before any legislation flowing from the White Paper is finalised, and that will not be for some time. But it would seem prudent to anticipate that the expansion of role will happen at some point in the not too distant future and to begin to prepare for it. Other local authorities have already undertaken scrutiny of other bodies (apart from Health Authorities), with some success apparently, and there is likely to be a growing trend toward such activity in advance of the legislation.

8 Conclusion and way forward

8.1 There is a general view that O&S in Havering “is not working”, despite the fact that much has been done that is of good quality. Havering is not alone in this: no authority in London or nationally has yet claimed that its O&S process is perfect and most seem to be thinking hard about how they can improve the process. Some key points that have emerged in the course of various conferences and meetings at which O&S have been discussed include:

- There is no single model of O&S that works for everyone: each local authority is different from every other and O&S tends to be tailored to local circumstances more than many other activities – there is no central prescription or expectation
- There is general and genuine uncertainty about what is, and is not, “good scrutiny”. For example, most local authorities have found policy review difficult whereas, in Havering, it has been generally successful
- Most local authorities – including Havering – find “holding the executive to account” difficult, because it is difficult to scrutinise before a decision is made and equally difficult to change direction once a decision has been made

- The non-party political approach to scrutiny advocated by central government and others is difficult to carry through where there are genuine political differences between the groups (and the political balance rules arguably compound this difficulty)
- Call-in mechanisms are not seen as particularly effective and are seen more as a delaying tactic than offering opportunity for genuine dialogue (although on a couple of occasions, calling in a decision in Havering has led to modifications of policy); and moreover there is little consensus about how call-in is effected or dealt with
- There is a tendency toward expanding the “community leadership” aspect of O&S activity into scrutiny (on a voluntary basis) of other public bodies (pre-dating the White Paper proposals referred to in section 7)

8.2 Proposals for change in the O&S process in Havering were put forward by a working group of Members of the Committee in early 2005 but were found unacceptable to the then Members and not pursued. Given that many other local authorities are struggling to get their O&S process “right”, Members may feel that it would be appropriate to await the outcome of a review currently being undertaken by “London Councils” (formerly the ALG) and development of the proposals in the recent White Paper before considering wholesale change. This would also enable the new OSC memberships to have time to familiarise themselves with the O&S process.

8.3 In the meantime, however, Members may feel that it would be useful to arrange for more familiarisation/training for all Chairmen and Members (including those in the Cabinet) of the roles and operational parameters of the OSCs. It would be possible to arrange a half-day or whole day session for this with appropriate external speakers if that were thought likely to be useful. The cost would be met from existing budget provision.

8.4 It should be noted that any significant change in the O&S process is likely to have resource implications. The support for O&S is currently provided by a small dedicated team within Democratic Services, with managerial support, and any expansion of their activities would be likely to require additional resources being made available.

8.5 It may well be that arranging regular meetings of the O&S Liaison Committee would assist in improving perceptions of the O&S process and the Committee is invited to consider whether that Liaison Committee should now be asked to meet.

Human resources implications and risks

No risks for the human resources arise from this report. Depending on how matters develop, there are likely to be implications for training and a need for additional staffing but these cannot presently be quantified.

Equalities implications and risks

No implications or risks for the environment arise from this report

Financial implications and risks

No direct financial implications or risks arise from this report as any immediate expenditure will be met from current budget provision. If there are changes in the future, any resource implications will need to be considered at that time. Prolonged scrutiny of external activity, such as forthcoming changes in local health services, may involve some additional expenditure but that would be contained within overall budget provision.

Legal implications and risks

No legal implications or risks arise from this report. The Council has a legal obligation to appoint at least one OSC and the Council's Constitution provides O&S Procedure Rules that are to be observed in carrying out O&S activity.

Staff Contact: Ian Buckmaster
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STEPHEN EVANS
Chief Executive

Background papers

White Paper "Strong and Prosperous Communities", Department for Communities and Local Government (www.communities.gov.uk)

Centre for Public Scrutiny – website article on the White Paper "Strong and Prosperous Communities" (www.cfps.org.uk)

The summary below is extracted from information provided by the Centre for Public Scrutiny

“Strong and Prosperous Communities”, a new White Paper for Local Government.

The two-volume document makes a number of proposals for developing the role of overview and scrutiny committees and non-executive Councillors. In addition to those specific items, there are other areas of development to which scrutineers will need to have regard, including: strengthened executive leadership, local strategic planning, and the new performance framework.

Chapter 3 of Volume 1, “Effective, Accountable and Responsive Local Government”, contains the majority of specific proposals for overview and scrutiny. These are:

- even more effective scrutiny arrangements are required as the powers of council leaders and executives are enhanced
- committees will be able to consider specific matters regarding the action of local public service providers and the actions of key public bodies operating in a local authority area
- overview and scrutiny committees will be required to consider issues raised by Councillors as “Community Calls for Action”, as an extension to the current provisions in the Police and Justice Bill
- public service providers will be required either to appear before the committee or provide information to the committee within 20 working days, “insofar as their actions relate to functions or service delivery connected with the authority”
- Committees will have to copy any recommendations to the bodies affected. They will, in turn, need to have regard to them in exercising their functions. The council will then need to consider and publicise the response to those recommendations within two months
- authorities will be encouraged to set up “area” overview and scrutiny committees, comprising local councillors and - making use of the existing powers to co-opt non-councillors onto committees - other members of the community. Such committees would be able to review the impact of actions of the council and other bodies on the immediate area
- at the level of the full council, authorities will be encouraged to focus overview and scrutiny on more strategic issues - the priorities agreed as part of Sustainable Community Strategies, Local Area Agreements and other key strategic plans

- overview and scrutiny committees will have a stronger role in policy development, allowing local councillors to advise the executive and ensuring local perspectives influence decisions
- all councils will be encouraged to dedicate appropriate resources to scrutiny, as best practice suggests that the key to successful overview and scrutiny is adequate resourcing and support

Elsewhere in the White Paper, including Volume 2, there are a number of proposals that will have an impact on the work of overview and scrutiny.

In Volume 1, Chapter 3, on Stronger Leadership, the Government proposes to legislate so that in the future there are three models of executive arrangements: a directly elected ; a directly elected executive; or an indirectly elected leader, each with a 4 year term. In each model, all executive powers will be vested in the mayor or leader who will have responsibility for deciding how these powers should be discharged. This strengthened leadership role will mean that arrangements for overview and scrutiny, and its application in practice, will need to be particularly robust in regard to its “holding to account” role.

In Volume 1, Chapter 5, the future role of LSPs is described as needing to be responsive to the needs of local citizens and communities and therefore Government will ensure that LSPs are accountable to local people but strengthening the involvement of elected members in both executive and scrutiny roles.

With regard to community cohesion, Volume 1, Chapter 8 proposes developing its consideration as part of the work of overview and scrutiny committees. Overview and scrutiny committees will have an opportunity to consider how, wherever possible, policies can best promote community cohesion and ensure that the potentially negative impacts of policy proposals and service issues can be identified and responded to.

Volume 2 of the White Paper describes how the proposals in Volume 1 will change the way in which some of the biggest challenges for local services are tackled. Two chapters of Volume 2 relate to overview and scrutiny in particular: “community safety” and “health and well-being”.

With regard to community safety, the Paper makes reference to the proposals already set-out in the Police and Justice Bill, which provides overview and scrutiny committees with the power to hold local Crime and Disorder Reduction Partnerships to account and respond to “community calls for action”.

With regard to health and well-being the White Paper proposes to build on reforms proposed by the Department of Health in relation to the Patient and Public Involvement agenda. This will include expanding the “community call for action” to cover all local government matters, including social care issues. There will also be a range of new powers for overview and scrutiny committees including the right to require local service providers, such as social services, to provide evidence when requested, and for committees to recommend an independent inspection, if it feels the relevant service has failed to adequately address local concerns (matching the power that already exists in respect of PCTs). The Committees will also scrutinise

Governance Committee, 21 November 2006

the response of both local authorities and PCTs to the reports of Directors of Public Health on improving the health of local populations.

There are also references to strengthened and enhanced scrutiny powers in relation to scrutiny arrangements for children's services (focussing on outcomes agreed as part of key strategies and plans) and ensuring that the economic development agenda is aligned with other issues (for example linking transport with development sites to enable people in deprived areas to access jobs).



MEETING	DATE	ITEM
GOVERNANCE COMMITTEE	21 NOVEMBER 2006	6

SUBJECT: AREA COMMITTEES – PROCEDURE FOR AGREEING CAPITAL SPEND

SUMMARY

This report proposes a guide for how the organisation will manage and process bids made by Area Committees for the Capital Budgets allocated to them and bids to the central Corporate pot.

RECOMMENDATIONS

1. That the bidding guidance as outlined in the report, be approved.
2. That Public Realm manage the bidding process as outlined in the report.
3. That a report back be made in six months on the operation of the scheme.

REPORT DETAIL

1. Extract from report to Governance Committee, 15th November 2005

“Local environmental improvement budget – expenditure on capital projects, for the well being of the local community. It is proposed that this initially be £5,000 per Area Committee. Additionally, subject to the compilation of a business case, Committees

Governance Committee, 21 November 2006

will be entitled to bid for an allocation from a £45,000 budget held on behalf of Cabinet.'

The Council later adopted the recommendations of the Governance Committee. The Capital funds are held by Public Realm.

2. Following discussions between officers and Members it has been recommended that the following conditions are applied to the Capital bids;

- a) This is capital spend and therefore the items must be able to be capitalised
- b) The proposals fit with existing planned capital spend policies and projects
- c) The proposals do not have any significant revenue implications
- d) That there is enough officer capacity to undertake and deliver the project

3. Following discussions between officers and members it is recommended that examples of appropriate expenditure should include;

- More seating on streets and in parks
- Additional litter bins
- Additional cycle racks
- Additional items of play equipment for parks
- Additional art work for public places
- Any other small environmental improvement that would improve local areas

4. It is proposed that bids for a share of £5,000 Capital funds for an Area Committee are dealt with in the following way;

- The Committee or Chairmen on their behalf identifies a scheme. The Committee would ordinarily be responsible for prioritising schemes
- Democratic Services pass the proposal to Public Realm
- Public Realm decide whether the proposal constitutes appropriate expenditure
- If the Scheme does constitute appropriate expenditure
 - ◆ Public Realm prepare a report for the next Area Committee or a Chairman's Decision request or, should the proposal not be within Public Realm's responsibility, refer it to the appropriate staff for that action. This will be subject to the normal corporate arrangements (e.g. to ensure that proposal is lawful)
 - ◆ Public Realm's fees, if any, are automatically met whether the scheme proceeds or not
 - ◆ The Committee, or the Chairman make the decision whether to proceed or not on receipt of Public Realm's report
 - ◆ Public Realm implement (or arrange to implement) the scheme and report back when it is completed
- ◆ If the Scheme does not constitute appropriate expenditure the Group Director Public Realm will write to the Committee or Chairman with an appropriate explanation.

It should be noted that expenditure of the £5,000 allocated to each Committee is not “executive” expenditure and, therefore, any decision by the Committee or by the Chairman is not subject to call-in.

Projects which might fall within the area of more than one area committee could be funded in this way with joint agreement, although such schemes might better be funded from the global provision.

5. It is proposed that bids to access a share of the global provision are dealt with in the following way;

- The Committee or Chairman on their behalf identifies a scheme
- Democratic Services pass the proposal with as much detail as possible identified by the Committee or Chairmen to Public Realm
- Public Realm decide whether the proposal constitutes appropriate expenditure
- If the scheme does constitute appropriate expenditure
 - ◆ Public Realm prepare a Form A for the Lead Member Resources. This will be compiled with the relevant area committee chairman who will be responsible for establishing the business case referred to in the Governance Committee report (see above). The form would be subject to the normal corporate clearance arrangements (e.g. to ensure that the proposal is lawful)
 - ◆ Public Realm’s fees, if any, are automatically met whether the scheme proceeds or not
 - ◆ The Lead Member Resources make the decision whether to approve the scheme
 - ◆ Public Realm implement the scheme and report back when it is completed
- ◆ If the Scheme does not constitute appropriate expenditure the Group Director Public Realm will write to the Committee or Chairman with an appropriate explanation.

It should be noted that expenditure of any of the £45,000 allocated for this purpose is “executive” expenditure and, therefore, any decision by the Lead Member is open to call-in. The Environment and Scrutiny Committee would deal with any such call-ins.

6. In view of the shortage of time in which to establish this process so as to ensure that the available capital funding could be allocated and spent in this financial year, officers have already issued this guidance and several suggestions are already being processed. It is now before Members for consideration and approval with whatever modifications Members feel appropriate.

Financial Implications & Risks

Although the sums of money involved are small it was felt that a robust, transparent and efficient system for bidding and spending the capital was appropriate and finance staff are in agreement with the financial arrangements made by Public Realm.

Equalities and Social inclusion Implications & risks

There are none.

Environmental Implications & risks

This scheme will help to address some of those local environmental issues that concern residents and will assist in the protection, enhancement and enjoyment of the local environment

**Stephen Evans
Chief Executive**

Staff Contact: Cynthia Griffin

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Background Papers

None



MEETING	DATE	ITEM
GOVERNANCE COMMITTEE	21 November 2006	8

REPORT OF THE MONITORING OFFICER

SUBJECT: AMENDMENTS TO THE CONSTITUTION

SUMMARY

Part 2 Article 15.02(c) of the Constitution authorises the Monitoring Officer to amend the Constitution to correct errors or to comply with any legal requirement or to reflect organisational changes to the Council's structure.

The constitution provides that this committee must be notified of any such amendment at the first reasonable opportunity.

RECOMMENDATIONS

That this report be noted.

REPORT DETAIL

The Monitoring Officer has the ability to make limited amendments to the Constitution as set out in the summary above.

Governance Committee, 21 November 2006

This report deals with the latest amendments, No. 26 dated 10 November.

Human resources implications and risks

No implications or risks for the human resources arise from this report.

Equalities implications and risks

No implications or risks for the environment arise from this report

Financial implications and risks

No financial implications or risks arise from this report.

Legal implications and risks

No legal implications or risks arise from this report.

**CHRISTINE DOOLEY
Monitoring Officer**

**Staff Contact: Christine Dooley
Telephone: 01708 432484**

Background Papers

Email correspondence

Notification No. 26

Date 10 November 2006

Notification of amendments to the constitution

Amendments made by the Monitoring Officer

Part 2, Article 15.02(c) of the constitution provides that the Monitoring Officer has a limited authority to amend the constitution. The Monitoring Officer is authorised to amend the constitution to correct errors or to comply with any legal requirement or to reflect organisational changes to the Council's structure. The Governance Committee must be notified of any such amendment at the first reasonable opportunity.

In accordance with this authority, the Monitoring Officer gives notice of the following amendments to the constitution:

Part 1A	4a-4d	Insert The Local Code of Corporate Governance set out in the Appendix in the Constitution at the end of Part 1. <i>Note: see annex following this notification</i>	Decision of Governance Committee
Part 3, Section 1.2		Amend as follows: Adjudication and Review <ul style="list-style-type: none"> • 9 councillors, or the number of councillors determined by Council from time to time, provided that no more than 1 councillor is a Cabinet member • independent persons from the Council's panel to attend appropriate hearing's panels <p>Council staff</p> <p>To consider disciplinary, capability and grievance matters relating to all staff below deputy chief officer</p>	Statutory Requirement and correction of error
Part 3, Section 1.2		Replace as follows: Adjudication and Review Committee Hearings Panel Each meeting of the Hearings Panel is constituted separately according to the category of hearing before the panel: =====	Statutory requirement and correction of error

		<p>Disciplinary, capability and grievance appeal hearings 3 members of the principal committee</p> <p>Job evaluation appeals hearings 3 members of the principal committee and 3 trade union nominees with voting rights</p> <p>=====</p> <p>Statutory social services hearings 2 members of the principal committee and 1 independent person who must Chairmen the hearing and who has voting rights</p> <p>Hearings under the Children Act 1989 Represent-ations Procedure (England) Regulations 2006 3 independent persons from the Council's panel.</p> <p>Hearings under the Local Authority Social Services Complaints (England) Regulations 2006 2 independent persons from the Council's panel (one as Chairman) and 1 member of the principal committee</p> <p>In relation to each category of hearing listed below, the Hearings Panel is empowered to make such awards as it considers appropriate in the interests of justice provided that it does not act outside of Council Policy.</p> <p>If the Hearings Panel is of the view that Council Policy is erroneous the Chairman of the Panel shall draw the policy provision to the attention of the relevant Head of Service and Lead Member for consideration and possible review.</p> <p>=====</p> <p>Disciplinary, capability and grievance appeal hearings To conduct staff disciplinary, capability and grievance appeal hearings in accordance with Council procedures</p> <p>Job evaluation appeals hearings To consider individual employees' appeals under the job evaluation scheme</p> <p>=====</p> <p>Statutory social services hearings</p> <ul style="list-style-type: none">• To hear oral representations by persons aggrieved by decisions of the Council as registration authority under the Registered Homes Act 1984 and the Children Act 1989• To consider and to determine objections pursuant to section 77 of the Children Act 1989 <p>To deal with representations made under the Children Act 1989 and the National Health Service and Community Care Act 1990</p>	
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Governance Committee, 21 November 2006

		<p>Hearings under the Children Act 1989 Representations Procedure (England) Regulations 2006 To consider representations by or on behalf of users of children's services in accordance with the Regulations</p> <p>Hearings under the Local Authority Social Services Complaints (England) Regulations 2006 To consider representations by or on behalf of users of adult services in accordance with the Regulations</p>	
Part 6	364	<p>Allowance for Area Committee Chairmen is reduced from £6,390 to £4,260 effective from 8 May 2006.</p> <p>Area Committee Chairmen</p> <p>£4,260</p>	Decision at Annual Council
Part 6	364	<p>Insert Note at end of Table of allowances</p> <p>Note: <i>That the allowance for a Leader of a Minority Opposition and a Deputy Leader of a Minority Opposition shall only be payable to a Leader and Deputy Leader of a political group with six members and over.</i></p>	Decision at Annual Council

THE LOCAL CODE OF CORPORATE GOVERNANCE IN HAVERING

INTRODUCTION

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) published a framework document for Corporate Governance in Local Government.

The London Borough of Havering is committed to the principles of good corporate governance and wishes to confirm its ongoing commitment and intentions, through the continued maintenance of a Local Code as recommended by the CIPFA/SOLACE Framework.

What is Corporate Governance?

For the purposes of this code it is defined as the system by which organisations are directed and controlled.

The Council recognises that effective local government relies upon establishing and maintaining the confidence of the public in both the elected Members and Officers of the Council.

The Council acknowledges that the setting of high standards of self governance provides a clear and demonstrable lead to both our existing and potential partners, and therefore provides the basis of effective community governance.

The Principles

The London Borough of Havering actively recognises the principles identified through CIPFA/SOLACE, and seeks to fulfil each area as detailed within this document.

Accountability

Effectiveness

Integrity

Openness & Inclusiveness

Up to date

1. Community Focus

The London Borough of Havering will publish on a timely basis

- an annual report
- a performance plan.

In addition to this, arrangements will be made for the independent review of the financial and operational reporting processes.

Individuals and groups from all sections of the community will be encouraged to engage with, contribute to and participate in the work of London Borough of Havering, these processes will be monitored to ensure that they operate effectively.

We are committed to

- Openness in all of our dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.
- Establishing clear channels of communication with all sections of the community and other stakeholders, putting in place appropriate monitoring arrangements to ensure that they operate effectively.
- Developing with the local community and stakeholders, a vision for the local communities. This will be clearly articulated and disseminated and will incorporate:
 - Their strategic plans
 - Priorities
 - Targets

2. Service Delivery Arrangements

The London Borough of Havering will:

- Set measurable standards and targets for performance in the delivery of services on a sustainable basis and with reference to equality policies.
- Establish sound systems for providing management information for performance measurement purposes.
- Monitor and report performance against agreed standards and targets and develop comprehensive and understandable performance plans.
- Foster effective relationships and partnerships with other public sector agencies and the private and voluntary sectors and consider outsourcing where it is efficient and effective to do so, in delivering services to meet the

needs of the local community and establish processes to ensure that they operate effectively.

- Provide positive responses to the findings and recommendations of external auditors and statutory inspectors. Arrangements for the effective implementation of agreed actions will be made.
- Be committed to diversity and, in doing so, we acknowledge the diversity of the local population, this will therefore be reflected in our service delivery.

3. Structures and Processes

Balance of Power and Authority

The London Borough of Havering will document:

- The protocols governing relationships between members and officers.
- The relative roles and responsibilities of executive and other members and senior officers, so they are clearly defined.
- Details of Committees, including Audit, Governance and Overview & Scrutiny Committees.

Roles and Responsibilities – Members

The London Borough of Havering will:

- Meet regularly on a formal basis to set the strategic direction and monitor the service delivery of the authority.
- Develop and maintain a scheme of delegated or reserved powers, which should include a formal schedule of those matters specifically reserved for the collective decision of the authority.
- Establish clearly documented and understood management for:
 - Policy development, implementation and review
 - Decision-making, reporting and monitoring & control
 - Formal procedural and financial regulations to govern the conduct of the authority's business.
- Recognise of the initial and continued training need of members. Members are to be trained for their roles and given access to all relevant information, advice and resources as necessary, to enable them to effectively fulfil their roles.
- Define formally in writing the role of the executive member(s) of the authority, to include responsibility for providing effective strategic leadership to the

authority and for ensuring that the authority successfully discharges its overall responsibilities for the activities of the organisation as a whole.

- Define clearly in writing the roles and responsibilities of all members of the local authority, together with the terms of their remuneration and its review.

Roles and Responsibilities – Officers

The London Borough of Havering will:

- Make a Chief Executive or equivalent responsible to the authority for all aspects of operational management.
- Make a senior officer responsible to the authority for:
 - Ensuring that appropriate advice is given on all financial matters
 - Keeping legitimate financial records and accounts
 - Maintaining an effective system of internal financial control.
- Make a senior officer responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with.
- Define clearly in writing the roles and responsibilities of all senior officers, together with the terms of their remuneration and its review.
- Adopt clear protocols and codes of conduct to ensure that the implications of supporting community political leadership for the whole council are acknowledged and resolved.

4. Risk Management and Internal Control

The London Borough of Havering will:

- Develop and maintain robust systems for identifying and evaluating all significant business risks which involve the proactive participation of all those associated with planning and delivering services.
- Put in place effective risk management systems, including systems of internal control and an internal audit function. These arrangements need to ensure compliance with all applicable statutes, regulations and relevant statements of best practice to ensure that public funds are suitably safeguarded and used economically, efficiently and effectively, in accordance with the statutory and other authorities that govern their use.
- Ensure that services are delivered by trained and experienced people.
- Arrange for objective reviews of the effectiveness of risk management and internal control, including internal audit.

Governance Committee, 21 November 2006

- Maintain an objective and professional relationship with their external auditors and statutory inspectors.
- Publish within the annual report, an objective, balanced, understandable statement and assessment of the authority's risk management and internal control mechanisms and their effectiveness in practice.

5. Standards of Conduct

The London Borough of Havering will:

- Develop and adopt formal codes of conduct defining the standards of personal behaviour to which individual members, officers and agents of the authority are required to subscribe and establish appropriate systems and processes to ensure that they are complied with.
- Make arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and establish appropriate processes to ensure that they continue to operate in practice.
- Put in place arrangements to ensure that their procedures and operations are designed in conformity with appropriate ethical standards, and to monitor their continuing compliance in practice.
- Establish a whistle blowing Policy to which staff, contractors, partners, the public and other stakeholders have access to.

6. Update and Revision of the Local Code of Corporate Governance.

In accordance with the requirements of the Council's Internal Control Framework, this code will be updated and revised by the 15th January 2007.

If you have any comments or questions on this Local Code please contact Rita Greenwood, Finance and Commercial Group Director at the Town Hall on 01708 432218, or e-mail rita.greenwood@havering.gov.uk



MEETING	DATE	ITEM
GOVERNANCE COMMITTEE	21 NOVEMBER 2006	9

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: APPOINTMENT OF SCHOOL GOVERNOR

The appointment of school governors who are also Members or employees of the Council is dealt with by this Committee (all other appointments are made by the Group Director, Children's Services under delegated powers).

The Governor Appointment Panel has now submitted for formal approval the nomination of **Councillor Keith Darvill** as a governor of **Gaynes School & Language College**.

Human resources implications and risks

No implications or risks for the human resources arise from this report.

Equalities implications and risks

No implications or risks for the environment arise from this report

Financial implications and risks

No financial implications or risks arise from this report.

Legal implications and risks

Governance Committee, 21 November 2006

No legal implications or risks arise from this report.

RECOMMENDATION

That Councillor Keith Darvill be appointed to the governing body of Gaynes School and Language College.

**Contact Officer: Ian Buckmaster, Manager of Committee and Overview
& Scrutiny Support**

Telephone: 01708 432431

**Stephen Evans
Chief Executive**

Background Papers: None

GOVERNANCE COMMITTEE

SUPPLEMENTARY AGENDA

21 November 2006

Correction

9 APPOINTMENT OF SCHOOL GOVERNOR

The **Financial implications and risks** should read:

No financial implications or risks arise from this report. Any costs associated with the appointment of Schools' Governors will be met from the existing appropriate budgets.

The following reports are submitted with the agreement of the Chairman as urgent matters pursuant to Section 100B(4) of the Local Government Act 1972

Report not previously circulated

7 ARTICLE 3 OF THE CONSTITUTION – Citizens' Rights and Responsibilities

Additional reports

9A APPOINTMENT OF NOMINATIVE TRUSTEES OF ROMFORD COMBINED CHARITY

9B PROVISION OF FAXES FOR GROUP LEADERS

Stephen Evans

Governance Committee, 20 September 2005

Chief Executive



MEETING	DATE	ITEM
GOVERNANCE COMMITTEE	NOVEMBER 2006	7

This report is submitted with the agreement of the Chairman as an urgent matter, pursuant to Section 100B(4) of the Local Government Act 1972

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: ARTICLE 3 OF THE CONSTITUTION – Citizens’ Rights and Responsibilities

SUMMARY

Article 3 of the Constitution has been reviewed and this report suggests a revision which, it is considered, is more in keeping with Havering’s needs than the current Article which was based on a model issued in 2002 by the relevant Government department.

RECOMMENDATION

That Council be recommended to amend the Constitution by adopting the proposed revised Article 3 attached to this report as Appendix B.

REPORT DETAIL

1. When the Council adopted a Constitution under the Local Government Act 2000 in May 2002 it adopted, as Article 3, a model put forward by the then appropriate Government Department (the Department of Transport, Environment and the Regions).

2. For the most part Councils across the country adopted the same model and many constitutions still contain that model wording.
3. Through the work of the Governance Group (an officer group), it has become apparent that Article 3 as currently worded does not accurately reflect what might now properly be regarded as citizens' rights and responsibilities in Havering.
4. Article 3 has, therefore, been reviewed and redrafted. Attached to this report is a copy (Appendix A) of the current Article 3 and, as Appendix B, the proposed revision.
5. The structure of the proposed revision Article is much as before but new elements have been added seeking to encourage citizens to take part in the life of the Borough by voting, participating in consultation, making themselves well-informed etc. While, in itself, the revised wording will not make a difference in the short term, it is a contribution towards a fuller and more meaningful engagement with Havering residents.
6. There are no direct legal implications or risks, financial implications or risks, human resources implications and risks or equalities and social inclusion implications associated with this report though the revised wording, if adopted, will send a strong signal to the community and others that Havering is serious about encouraging participation in Council affairs.

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Democratic Services Manager

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Email: philip.heady@haverling.gov.uk

STEPHEN EVANS
Chief Executive

Background papers – there are none.

Appendix A

Current Article 3: Citizens Rights and Responsibilities

3.01 Voting and petitions

Citizens on the electoral roll for the area have the right to vote and to sign a petition to request a referendum for an elected mayor form of constitution.

3.02 Information

3.02.1 Citizens have the right to:

- (i) attend meetings of the Council and its committees except where confidential or exempt information is likely to be disclosed, and the meeting is therefore held in private
- (ii) attend meetings of the Cabinet when key decisions are being considered
- (iii) find out from the forward plan what key decisions will be taken by the Executive and when
- (iv) see reports and background papers, and any records of decisions made by the Council and the Executive, and
- (v) inspect the Council's accounts and make their views known to the external auditor.

3.02.2 Citizens' rights to information and to participate are explained in more detail in the Access to Information Rules in Part 4 of this constitution

3.03 Complaints

Citizens have the right to complain to:

- (i) The elected members for their wards
- (ii) the Council itself under its complaints scheme
- (iii) the Ombudsman after using the Council's own complaints scheme

- (iv) the Standards Board for England about a breach of the Members' Code of Conduct.

3.04 Participation

3.04.1

Citizens can expect to be treated professionally and with respect by council employees regardless of their age, ability, race or sexuality. In return council employees can expect the same standards of behaviour to be applied by citizens in their dealings with them.

3.04.2

Citizens may be invited to:

- (a) contribute to investigations by overview and scrutiny committees
- (b) speak at meetings of Cabinet, overview and scrutiny, area and other committees. Citizens are responsible for participating in an appropriate manner on these occasions

3.05 Council tax

Citizens have responsibility to pay Council tax and other fees and charges in a timely manner and the right to receive quality services in return

APPENDIX B

Draft revised Article 3: Citizens Rights and Responsibilities

This article summarises both the rights and the responsibilities of local people

3.01 Voting and petitions

Citizens on the electoral roll for the area have the right to vote and are encouraged to use that vote. They have the right to sign a petition to request a referendum for an elected mayor form of constitution.

3.02 Information

3.02.1 Citizens have the right to:

- attend meetings of the Council and its committees except where confidential or exempt information is likely to be disclosed, and the meeting is therefore held in private
- attend meetings of the Cabinet when key decisions are being considered
- find out from the forward plan what key decisions will be taken by the Executive and when
- see reports and background papers, and any records of decisions made by the Council and the Executive, and
- inspect the Council's accounts and make their views known to the external auditor.

3.02.2 Citizens are encouraged to make themselves well informed about Council affairs through reading leaflets and 'Living in Havering', and by visiting the Havering website, www.havering.gov.uk

3.02.3 Citizens' rights to information and to participate are explained in more detail in the Access to Information Rules in Part 4 of this constitution

3.03 Complaints

Citizens have the right to complain to:

- The elected members for their wards

- the Council itself under its complaints scheme
- the Ombudsman after using the Council's own complaints scheme
- the Standards Board for England about a breach of the Members' Code of Conduct.

3.04 Participation

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Citizens can expect to be treated professionally and with respect by council employees regardless of their age, ability, race or sexuality. In return council employees can expect the same standards of behaviour to be applied by citizens in their dealings with them.

3.04.2

Citizens may be invited to:

- contribute to investigations by overview and scrutiny committees
- speak at meetings of Cabinet, overview and scrutiny, area and other committees. Citizens are responsible for participating in an appropriate manner on these occasions

3.04.3

Citizens are encouraged

- to participate in meetings in accordance with the relevant rules of procedure for the meetings and to take part in the Council's consultation activities.
- to respect the expression of differing opinions when participating in Council affairs and to promote tolerance and respect of others, be they fellow citizens or visitors to the Borough.
- To keep themselves well informed of council affairs to assist in promoting the quality of outcomes of consultation and other participatory events.

3.05 Council tax

Citizens have responsibility to pay Council tax and other fees and charges in a timely manner and the right to receive quality services in return

3.06 Responsibilities

Citizens

- must not be violent, abusing or threatening to councillors or council staff and must not wilfully harm things owned by the Council, councillors or staff
- must ensure that their behaviour does not disrupt the conduct of meetings and that the business being considered can be carried out
- are encouraged to promote pride in Havering and to actively promote a clean and litter and rubbish free borough and to behave respectfully towards other residents and visitors to the borough
- should keep themselves well informed of Council affairs to assist in promoting the quality of outcomes of consultation and other participatory events



MEETING	DATE	ITEM
GOVERNANCE COMMITTEE	21 NOVEMBER 2006	9A

This report is submitted with the agreement of the Chairman as an urgent matter, pursuant to Section 100B(4) of the Local Government Act 1972

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: APPOINTMENT OF NOMINATIVE TRUSTEES OF ROMFORD COMBINED CHARITY

The Romford Combined Charity is a small, local charity that makes grants for the relief of poverty etc. It has seven Trustees: one *ex officio*, the Vicar of St Edward's CofE Church, Romford (who chairs the Trustees); four nominative, appointed for four year terms by the Council; and two co-optative, who are co-opted for five year terms by the other five Trustees.

The terms of office of two of the nominative Trustees, Councillor Michael Armstrong and former Councillor Alexandra Smith, have recently expired. Both are eligible for re-appointment; but, if either is to be replaced, it should be noted that an appointee need not be a Member of the Council. It is understood that the Conservative Group will nominate Councillor Michael Armstrong for re-appointment and Councillor Andrew Curtin to succeed Mrs Smith.

The remaining nominative Trustees are former Councillor Wilf Mills and Mrs Christine Hunnable (a former Clerk of the Trustees), both of whose terms of office continue for some time.

Governance Committee, 21 November 2006

Human resources implications and risks

No implications or risks for the human resources arise from this report.

Equalities implications and risks

No implications or risks for the environment arise from this report

Financial implications and risks

No financial implications or risks arise from this report.

Legal implications and risks

No legal implications or risks arise from this report.

RECOMMENDATION

That nominative Trustees be appointed.

**Contact Officer: Ian Buckmaster, Manager of Committee and Overview
& Scrutiny Support**

Telephone: 01708 432431

**Stephen Evans
Chief Executive**

Background Papers: The Charity's deed of trust.



MEETING

DATE

ITEM

GOVERNANCE COMMITTEE

21 NOVEMBER 2006

9B

This report is submitted with the agreement of the Chairman as an urgent matter, pursuant to Section 100B(4) of the Local Government Act 1972

REPORT OF THE CHIEF EXECUTIVE

SUBJECT: PROVISION OF FAXES FOR GROUP LEADERS

SUMMARY

This report asks Members of Governance to consider the provision of faxes at the residence of or at other suitable location for Group Leaders.

RECOMMENDATION

Members agree whether or not Group Leaders should, if requested, have a fax provided at their residence or other suitable location.

REPORT DETAIL

As part of reviewing the provision of ICT facilities for Members, the provision or replacement of faxes at home was ceased:

1. as other ICT facilities and use of e-mail means fax usage is not generally high;
2. as fax facilities are provided at the Town Hall in support of all Members.

Governance Committee, 21 November 2006

The Group Leader for Rainham and Wennington Residents Association has asked for his fax, which is beyond repair, to be replaced. As this is contrary to current practice, it is appropriate that Governance Committee consider this request.

Any policy which is applied to the Group Leader for Rainham and Wennington Residents Association would apply to all Group Leaders.

Financial Implications and Risks:

Any costs are marginal and would be met from the budgets that have supported these costs and other Member IT costs.

Legal Implications and Risks:

None arising directly.

Human Resource Implications and Risks:

None arising directly.

Equalities Implications and Risks:

None arising directly.

Staff Contact: Rita Greenwood **Title:** Group Director
Finance and Commercial

E-Mail: rita.greenwood@havering.gov.uk

Telephone: 01708 432218

STEPHEN EVANS
Chief Executive

Background Papers

None